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**MMARS Policy: Accounts Receivable**

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**Date Last Revised: November 1, 2006 (See [Revisions](#) for details.)**

## **Payment Plans**

### **Executive Summary**

Pursuant to [815 CMR 9.00](#) the Commonwealth may create payment plans for customers who wish to pay the balance of a receivable but cannot pay the full outstanding amount at the time it is due. Historically, Commonwealth payment plans have proven to be a successful method for collecting revenue that otherwise would go uncollected.

MMARS functionality supports specific controls and text defined by departments, an online view of payment plan dates, amounts, and payments and the ability to enter payment plan information and print payment plan notifications.

### **Considerations**

Payment plans offer a customer-friendly option to enable the successful collection of outstanding receivables. Departments should routinely offer the payment plan option whenever a customer expresses a willingness to pay a debt but requests that the debt be paid back over time. Departments must monitor payment plan payments to ensure that collections are received and return the debt to the debt collection cycle on the track for intercept or debt collection if the debtor defaults on the payment plan payments.

### **Policy**

When appropriate, departments may create payment plans for customers who wish to pay the balance of a receivable but cannot pay the full outstanding amount at the time it is due. Departments will determine the terms and conditions for payment plans and may revoke a payment plan and continue the debt collection process at any time a debtor fails to timely meet a deadline for payment. Departments will also enforce any court or administratively mandated payment plans.

MMARS supports the ability to set up payment plans for customers to pay bills over an extended period of time. During this period, the system will suspend interest and collection activities and track customer payments against the plan. A system option allows departments to determine the number of missed payments that will cancel the payment plan and trigger normal collection activities (finance charges, interest accruals and collection notices).

1. Payment Plans will be set up according to agreed upon dates and amounts between the Commonwealth and the customer.
2. There are three types of payment plans:
  - The ***Duration*** method allows the payment plan to be established based upon receiving payment in full within a specific time frame. The amount of each payment is therefore calculated by dividing the amount owed by the number of payments to be made within this time frame.
  - The ***Amount*** method allows the payment plan to be established based upon specific payment amounts.
  - The ***Manual*** method offers the most flexible payment plan as it can vary the amount of each payment and each due date.
3. Each receivable must have its own separate payment plan for customers with multiple receivables.
4. Once activated in MMARS, payment plans cannot be modified or changed in any way. If changes are necessary, the entire payment plan must be cancelled and scheduled for deletion, and a new payment plan entered .once re-negotiated and agreed upon.

#### **Electronic signature and Department Head Authorization of MMARS documents**

Electronic signatures are limited to MMARS documents. ***Electronic signatures can not yet be used for contracts, amendments or underlying supporting documentation.*** With the implementation of the MMARS accounting system the Office of the Comptroller is aligning Electronic Security with Department Head Signature Authorization (DHSA) in fiscal year 2005 in order to take advantage of electronic signatures for MMARS processing. Every MMARS action must be confirmed/authorized by the department head or an authorized signatory. Department head authorization can be accomplished in one of two ways:

- **Administrator Security with DHSA**. If the employee (Administrator - system processor) who submits a document to final status is a department head authorized signatory, the data in the MMARS system will be sufficient documentation. What appears in MMARS will be the record copy of the document.

- **Recording Doc Id on all supporting documentation.** Since there is no paper copy required for the MMARS document the department will be required to include the MMARS Document Identification number (Doc ID) on all supporting documentation to “match” the supporting documentation with the electronic record of the MMARS document which will reside on MMARS. Recording the doc id on all supporting documentation can be accomplished by entry of the MMARS doc id on the first page of the supporting documentation, or by entering the doc id on a **MMARS Document Authorization/Records Management Form** which will act as the cover sheet to the supporting documentation for records management purposes.
- **Administrator Security without DHSA.** If the employee (Administrator - system processor) who will be submitting a document to final status is not a department head authorized signatory, the Administrator must obtain a live (“wet”) signature from an authorized signatory approving the document **PRIOR** to submitting the document to final status in MMARS.
  - **Review of document and supporting documentation.** Since a department head is required to authorize the official record of a MMARS document, which is what **actually appears in the MMARS system**, departments must ensure that whoever authorizes the document has reviewed the document and related supporting documentation prior to authorization.
  - **Written authorization.** The written authorization may appear on a screen-print of the document as entered and validated, but prior to final submission, or on a **MMARS Document Authorization/Records Management Form** prescribed by CTR, to capture the prior authorization for documents.
  - **Filing of authorization with supporting documentation.** Authorization documentation must be kept on file at the Department along with the record copy of other supporting documentation related to the MMARS document. See [Records Management](#) below.

#### **What does electronic signature of a MMARS document mean?**

When a Department electronically submits a document to final status in MMARS, the department head is certifying to the Comptroller that the individual, on behalf of the department head, understands that their UAID (universal access identification) is being recorded for any entries made in the MMARS system **and that** that individual certifies under the pains and penalties of perjury that:

- it is their intent to attach an electronic signature approval and date to the MMARS document, **and that**
- they are either an authorized signatory of the department head who is authorized to approve the MMARS document as part of the Department Internal Control Plan, **OR**

- that the document they are processing and any supporting documentation have been approved by an authorized signatory of the Department head, secretariat and any other required prior approval (including secretariat signoff if required) and a copy of these approvals are available at the Department referencing the MMARS document number, **and that**
- any expenditure or other obligation is supported by sufficient available legislatively authorized funds and is in accordance with the Department's enabling legislation and funding authority; **and that**
- the MMARS document and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record retention and disposal requirements.

### **Records Management**

The department is the record keeper of the official record copy of all receivable information. MMARS is the official record of the receivables entered by the department and will supersede any paper copies of the same information. The department must maintain any supporting or back up documentation related to a receivable entered in MMARS. A department is responsible for retaining and archiving receivable records in accordance with the disposal schedules issued by the Secretary of State Records Conservation Board.

### **Internal Controls**

Under construction.

### **Information Sources**

- Related Procedure – Under construction
- Related Policies:
  - Department Head Signature Authorization
  - Electronic Signatures for MMARS Documents
  - Accounts Receivable - Vendor/Customer Set up
  - Accounts Receivable – Third Party and Multiple Third Party Billing
  - Accounts Receivable – Debt Collection
  - Accounts Receivable - Intercept
  - Accounts Receivable – Cash Recognition
  - Accounts Receivable – Receivable Recognition and Reconciliation
  - Accounts Receivable – Lockbox Policy
  - Accounts Receivable – Electronic Payments
  - Accounts Receivable – Invoice Statements
  - Accounts Receivable – Delinquent Debt Cycle
  - Accounts Receivable - Internal Controls – Revenue.

- Legal Authority - [M.G.L. c. 7A](#); [M.G.L. c. 29](#); [M.G.L. c. 30, §. 27](#); [M.G.L. c. 10, § 17B](#); [M.G.L. c. 29, § 29D](#); [M.G.L. c. 7A, § 3](#); Massachusetts Constitution [Article LXIII Section 1](#); [815 CMR 9.00: Collection of Debts](#); [M.G.L. c. 7A § 18](#).
- Attachments - None
- Links – None
- Contacts – [CTR Help Desk](#)

### **Revisions**

November 1, 2006 – Removed language referencing Knowledge Center and updated relevant links to Mass.gov portal site.